Cash Management Principles and Procedures

General Requirement

"Cash management. Substantially all program income must be disbursed for eligible NSP activities before additional cash withdrawals are made from the U.S. Treasury."[1]

Compliance

CDOH staff will manage receipt of Program Income and processing of Grantee payment requests to ensure compliance.

Grantees will promptly transfer to the State all revenues that meet the definition of Program Income following instructions applicable to each specific type of acticity.

Grantees will ensure that their Sub-Grantees promptly transfer to the State all revenues that meet the definition of Program Income.

State will record all Program Income received in the Disaster Grant Reporting System (DGRS) following DGRS procedures in addition to standard State accounting and record keeping procedures for recording Federal grant program income.

State records shall ensure a clear audit trail for all Program Income, including amounts, source (Grantee or Sub-Grantee), date of receipt, and date of disbursement.

Procedure

Grantees will use the Pay Request form (NSP version) to request NSP funds from the State and provide all required supporting documentation.

NSP will use DGRS Voucher procedures to secure NSP funds to meets cash needs for approved payment requests. The DGRS process takes into account recorded Program Income in the calculation of the amount of cash withdrawal from the U.S. Treasury.

Each NSP Voucher will show payment first from Program Income on hand (regardless of the source of the Program Income). The NSP voucher will include a cash withdrawal from the U.S. Treasury for the balance of the payment request.

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[1] NSP Program Notice N. 3.

Example 1:

Payment Request Approved	$250,000
Program Income on hand	$50,000
NSP Cash withdrawal U.S. Treasury	$200,000
Payment Made (PI + NSP Cash)	$250,000

Example 2:

Payment Request Approved	$150,000
Program Income on hand	$250,000
NSP Cash withdrawal U.S. Treasury	$0
Payment Made (from PI)	$150,000
Program Income balance	$100,000

Cash Flow Diagram

The following diagram illustrates cash management procedures.

Transaction	US Treasury	State PI Account(s)		STATE		NSP Grantee
1		$0 ←		Request to US Treas. $100,000 ←		Grantee A - Request to State $100,000
	Pay State $100,000	$0 →		State to Grantee A $100,000	→	Receive and disburse $100,000
2		$50,000 ←		Deposit PI ←		Grantee B transfer to State $50,000 PI
3		$50,000 ←		b. Request to US Treas. $50,000 ←		Grantee C Request to State $100,000
	Pay to State $50,000	$50,000 → →		State to Grantee C $50,000 PI $50,000	→ →	e. Receive and disburse $100,000
		Balance $0				